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THE SELF-ABOLITION OF CHITA REPUBLIC

The Chang-Chun conference was broken off on the technical ground of the refusal on the part of Japan to discuss the question of her withdrawal from northern Sakhalin. The real reason for its failure, however, lay in the fact that the status of the Far Eastern Republic, as a vassal of Moscow, had been made entirely clear, and the conference itself became meaningless.

The logical step after that became the official, as well as the practical, abolition of the Chita Republic. This act was delayed pending the capture of Vladivostok and the completion of the arrangements for Japan's withdrawal from that city. It followed on the heels of these two events, and was accomplished by means of a vote of the National Assembly of the Far Eastern Republic.

This disappearance of the buffer State that had been created for the purpose of forestalling the possibility of a clash between Soviet Russia and Japan is significant, in view of the fact that the way is thus open for direct negotiations between Moscow and Tokyo. That is precisely what the Soviets want, as their general international policy since Genoa has been to make every effort to deal with the great powers separately and not as a group. As for Japan, she finds herself now face to face with a situation which has become more complex than ever before. As a writer in the *Current History* (December) points out, there are three major lines of policy open to her:

First, she may accept the overtures now being made by the Soviets, break away from the essential, though precarious, unity of the great powers with regard to Soviet Russia, and proceed to enter into definite relations with Moscow, which would inevitably entail an official recognition of the Soviet régime. Second, either she or the Soviets may, deliberately or otherwise, provoke or utilize some incident that may lead to an armed struggle between them. Third, things may remain in the same uncertain and indefinite state in which they have been hitherto, pending either a fundamental change in Russia herself or a concerted and radical reversal of the policy toward the Soviet régime on the part of the great world powers.

There is no reason to believe that Japan will follow any but the third of these lines of policy, in spite of the fact that the Soviets, now that they are actually rubbing elbows with her, are making every effort to tempt or force Japan into the first of the above policies.

PROGRAM OF THE FIFTH INTERNATIONAL CONFERENCE OF AMERICAN STATES

To Be Held in Santiago, Chile, March, 1923

(Adopted by the Governing Board of the Pan American Union at a Session Held on Wednesday, December 6, 1922)

Consideration of the action taken by the participating countries, and of the application in each country of the conventions and resolutions of previous Pan American conferences, with special reference to the convention concerning trade-marks and the convention on literary and artistic copyright, signed at Buenos Aires, August 20, 1910.

II

Organization of the Pan American Union on the basis of a convention, in accordance with the resolution adopted by

the Fourth Pan American Conference at Buenos Aires, August 11, 1910.

III

Consideration of the results accomplished by the Congress of Jurists, which met at Rio de Janeiro, with respect to the codification of international law.

IV

Measures designed to prevent the propagation of infectious diseases, with special reference to the recommendations of the International Sanitary conferences.

V

Pan American agreement on the laws and regulations concerning, and co-operation in the improvement of the facilities of, communication on ocean and land and in the air.

1. Improvement of ocean transportation facilities;
2. The Inter-Continental Railroad and motor transportation.
3. Policy, laws, and regulations concerning commercial aircraft; the advisability of an international technical commission on the location of standard landing places, the determination of aerial routes, and the formulation of special customs procedure for aircraft.
4. Co-operation of the governments of the American republics in reference to all kinds of wireless communication in America and by means of agreements for its regulation.

VI

Co-operation with respect to the supervision of merchant-ships entering into international commerce:

1. The uniformity of customs regulations and procedure.
2. The uniformity of shipping and insurance documentation.
3. The uniformity of principles and interpretation of maritime law.
4. The uniformity of nomenclature for the classification of merchandise.
5. Uniform parcels-post procedure and consideration of the Pan American Parcel Post Convention.
6. Advisability of adopting conventions in order to make effective Resolution XVII, voted by the Second Pan American Financial Congress, which assembled at Washington in January, 1920.*

VII

Measures for the simplification of passports and adoption of standard form.

VIII

Co-operation in the study of agricultural problems; uniformity of agricultural statistics; co-operation in the elimination of diseases of cattle; organized effort for interchange of useful plants and seeds.

IX

Consideration of measures tending toward closer association of the republics of the American Continent, with a view to promoting common interests.

X

Consideration of the best means to give wider application to the principle of the judicial or arbitral settlement of disputes between the republics of the American Continent.

XI

Consideration of the best means to promote the arbitration of commercial disputes between nationals of different countries.

* The resolution referred to above is the following:

Resolution XVII: *Resolved*, That it being in the interest of all nations that there should be the widest possible distribution of raw materials, the importation of such materials into any country should not be prevented by prohibitive duties.

XII

Consideration of the reduction and limitation of military and naval expenditures on some just and practicable basis.

XIII

Consideration of standardizing of university curricula and mutual recognition of the validity of professional degrees among the American republics.

XIV

Consideration of the rights of aliens resident within the jurisdiction of any of the American republics.

XV

Consideration of the status of children of foreigners born within the jurisdiction of any of the American republics.

XVI

Consideration of the questions arising out of an encroachment by a non-American power on the rights of an American nation.

XVII

The formulation of a plan by which, with the approval of the scholars and investigators in the several countries, approximately uniform means may be used by the governments of the Americas for protection of those archeological and other records needed in construction of an adequate American history.

XVIII

Consideration of measures adapted to secure the progressive diminution in the consumption of alcoholic beverages.

XIX

Future conferences.

THE SHIP SUBSIDY

The passage by the House of Representatives of the ship subsidy bill by the small margin of twenty-four votes and the possibility of its passage, in a slightly modified form, by the Senate render imminent the placing on our statute books of a measure of prime importance in the economic relations of the United States with the rest of the world. The bill is an administration measure *par excellence*, since the President devoted a special message to Congress to a plea for the passage of the ship subsidy.

ARGUMENTS FOR AND AGAINST THE SUBSIDY

The chief protagonist of the ship subsidy measure is Chairman Lasker, of the United States Shipping Board. In the course of the past few months he has spoken and written a great deal on the question of the American shipping. His argument is excellently summed up in the following passage from one of his recent articles:

As important as the railroads were in the wresting of the empire, so now, in the cycle of events, transportation on the sea becomes a paramount issue of the day, unless American statesmanship is bankrupt and American vision blind. Shall we, standing in our own light, surrender to others the wealth of opportunity which is ours, stupidly and blindly holding to fetiches of past conditions? Or, recognizing changes from within and without, shall we do that which is necessary to give our children the same opportunity that our fathers had and that came to us?

A more direct argument for an American mercantile marine subsidized by the government is contained in the fol-

lowing statement, issued by the Shipping Board in connection with their report on the traffic figures of the American foreign trade during the first half of 1922, from which it appears that during that period only 35 per cent of the total cargo was carried in American bottoms:

As compared to the great volume of our overseas trade, the percentage carried in American bottoms is out of all proportion and reflects the need for a powerful stimulant to revive our sluggish transportation factors, so that we may eventually carry more American goods in American vessels and utilize for home needs the money paid to alien carriers for transporting our goods.

The opponents of the policy of subsidizing American shipping challenge this argument on the ground that it is not sound from the point of view of the balances of payments in the international trade. They point out that the United States, as a country which exports more goods than she imports, has to accept such services as shipping, insurance, etc., to make up for the difference. This is entirely apart from the commonly invoked arguments concerning the difference of operating costs, fixed charges, etc. A writer in *The International Interpreter* says:

Government subsidy might, for a while, enable the American tonnage to compete against that of other nations in the American carrying trade, but in this manner the discrepancy between the credit and the debit sides of the country's foreign trade would be increased more and more.

Foreign trade presupposes ability to sell, as well as capacity to buy. The United States can sell more than she wants to buy. If the country is to continue in this situation, it must choose the most advantageous method of receiving payment for the balance. Or, to quote again from the *Interpreter* article:

Shipping is at best a business with a very low margin of profit; therefore, accepting part of the payment for her exports in shipping facilities, the United States would merely be choosing the least of a number of evils, which seem inescapable if the United States is to continue participation in the economic life of the world on at least as large a scale as heretofore.

THE ECONOMICS OF AMERICAN SHIPPING

In this particular regard, the United States is really unique among the nations of the world. A country with tremendous natural resources, she also has a very high degree of technical development. That means that she can apply her capital and her efforts in a number of fields that would be more advantageous than shipping. Mr. E. S. Gregg, writing in *The Journal of Political Economy*, says:

A country which has been endowed liberally by nature with raw materials necessary to an advanced industrial development cannot maintain, except at an unusual expense, a merchant marine large enough to carry 50 per cent of its total trade. The exploitation of its natural resources will be more profitable than shipping ventures. The exportation of primary commodities will unbalance its trade, and the profitableness of trafficking in these articles, eagerly sought after by other less fortunate countries, will not make for the development of that peculiar genius of management and economy needful for the successful operation of ships on multilateral voyages. In other words, tramp-ship operators will not be developed. Tramps are needed for bulky materials, and are usually operated by the country which must import heavy raw materials and foodstuffs. The reverse is that these materials are rarely carried in the ships of the country selling them. The United States is an example of a raw-material exporting country, at least three-fifths the